

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. On 2 February 1954 a Soviet economic mission, formed by Pokachiski (1580/0595/2388/2448/1015), chief of mission, Popoli (4430/1580/0500), Lokanski (3157/1481/2448/1018), and Matav (7456/2092/1133), arrived in Peiping to negotiate terms of a Sino-Soviet agreement for exploitation of iron and coal mines in Shansi Province. Basic agreement has been reached on the following points:
 - a. The name of the company was: Iron and Coal Mining Company of Shansi.
 - b. All technicians must be Soviets.
 - c. The term for mutual exploitation of these mines was ten years.
 - d. Capital, provisionally fixed at one billion rubles, was to be furnished by both governments.
 - e. Eighty percent of the annual production of the mines was to be turned over to the Soviet Government in exchange for material.
2. The Foreign Commerce Bureau of Peiping sent YANG Hung-mao (2799/7703/5399), one of their advisers, to Moscow. YANG was accompanied from Moscow to Berlin by Kekasiki (2688/0502/2448/1015), chief of a section of the Soviet Ministry of Foreign Trade, where they were to study possibilities for developing trade between China and European countries. The Chinese Communist government envisages placing the following orders:
 - a. Czechoslovakia US\$80 million, for arms, munitions, and auto parts.
 - b. East Germany US\$50 million, for various types of machinery.

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